

## **INTRODUCTION**

Children's Campus entered into an agreement with the Michigan Family Independence Agency (FIA) to provide therapeutic and residential services to severely emotionally disturbed youth in staff-secure programming. The programs at Children's Campus include addiction services, individual, group, and family counseling, family support services, an on-grounds accredited education system, psychiatric and psychological consultation, recreation, therapy, and specialized group work. Children's Campus was paid biweekly by FIA based on positive billings Children's Campus submitted for days of care they provided.

## **SCOPE**

We performed an audit of billings submitted by Children's Campus and payments made by FIA to Children's Campus for the period January 31, 1999 through April 30, 2000. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The purpose of our audit was to determine if billings submitted by Children's Campus were accurate and supported by attendance records and authorizations by FIA workers for the days and level of care provided. In addition, we reviewed payments made by FIA to determine if the amount paid to Children's Campus for children in their care was correct.

## **EXECUTIVE SUMMARY**

Based on our audit, we concluded that the Children's Campus billings were accurate and were supported by attendance records. We also concluded that the rates and days of care billed were generally supported by authorizations from the FIA workers. We found that in numerous cases, documentation for rate changes authorized by local office staff were never received by the FIA central office personnel who input the rate changes in the system. As a result, numerous over and under payments occurred. We also found cases

where the number of days of care that were paid for differed from the number of days of care provided. The amounts overpaid and underpaid as a result of incorrect rates and days of care are detailed below.

## **FINDINGS AND RECOMMENDATIONS**

### **Overpaid due to Wrong Rates**

1. Children's Campus was overpaid a total of \$266,742 for 16 youth where the rate paid by FIA for certain periods of time exceeded the rate for the level of care that Children's Campus was providing. Children's Campus staff indicated that the level of care was discussed and agreed upon with the worker in the FIA local office. We found in most cases that either the authorization form for the lower level of care (and the lower rate) was in the casefile, or there were notes in the FIA worker's service plan that indicated that they were in agreement that the youth was moved to the lower level of care. Authorizations to reduce the rate were not received by the Payment Control Section in central office, where the changes are input. See Schedule A.

WE RECOMMEND that the Payment Reconciliation Unit in the Bureau of Accounting of the Budget, Analysis, and Financial Management Administration (BAFM) work with the Field Operations Administration to ensure that the appropriate documentation is forwarded to the Payment Control Section, and then initiate the process to recoup \$266,742 from Children's Campus.

### **Underpaid due to Wrong Rate**

2. Children's Campus was underpaid a total of \$297,660 for a total of 11 youth where the rates paid by FIA for certain periods of time was less than the rate for the level of care provided by Children's Campus. Children's Campus staff indicated that

the increased level of care was discussed and agreed upon with the worker in the FIA local office. We found that the authorization forms for the increased level of care and rate were on file in the local office casefiles. However, these forms were not received by the Payment Control Section, where rate changes are input. See Schedule A.

WE RECOMMEND that the BAFM Payment Reconciliation Unit advise Children's Campus that they need to have the appropriate workers in the FIA local offices forward FIA-634's to the Payment Reconciliation Unit to authorize payment of the increased rates for the increased level of care that was provided to these youth.

#### Overpaid due to Wrong Days of Care

3. Children's Campus was overpaid a total of \$22,537.50 for 7 youth where Children's Campus was paid for more days of care than they actually provided per their attendance records. See Schedule A.

WE RECOMMEND that the BAFM Payment Reconciliation Unit initiate the process to recoup \$22,537.50 from Children's Campus.

#### Underpaid due to Wrong Days of Care

4. Children's Campus was underpaid a total of \$94,801.50 for 22 youth where Children's Campus was not paid for days of care they provided per their attendance records. In some cases, Children's Campus incorrectly completed the billing form, and in other cases the local office did not submit the proper authorization form to the Payment Control Section. Authorization forms were in the casefiles at the local offices. See Schedule A.

WE RECOMMEND that the BAFM Payment Reconciliation Unit work with Children's Campus to ensure that all days of care provided were authorized by the appropriate workers in FIA local offices, and are properly billed; and then pay Children's Campus for the additional days of care authorized, provided, and billed.

Youth #	Overpaid Due to Wrong Rate	Underpaid Due to Wrong Rate	Days Overpaid	Days Underpaid
1	\$ 1,391.00	\$ 1,789.00		
2	\$ 12,246.00	\$ 2,265.00		
3		\$ 21,297.00		
4				\$ 17,625.00
5	\$ 41,299.00			
6	\$ 10,276.00			
7	\$ 408.00			
8		\$ 23,859.00		
9				\$ 1,056.00
10				\$ 6,580.00
11	\$ 6,222.00			
12				\$ 817.00
13				\$ 4,381.00
14		\$ 66,578.50		\$ 10,502.00
15	\$ 5,712.00			\$ 4,437.50
16	\$ 27,434.00		\$ 3,342.50	\$ 3,210.00
17	\$ 30,728.00			
18				\$ 6,682.00
19	\$ 44,159.00			
20			\$ 5,729.00	
21	\$ 16,524.00		\$ 2,422.00	

22				\$
				2,696.00
23		\$		
		19,890.00		
24		\$		
		38,094.00		
25				\$
				4,718.00
26		\$		
		20,808.00		
27	\$			
	14,484.00			
28				\$
				1,679.00
29	\$		\$	
	25,391.00		1,224.00	
30		\$		
		72,603.50		
31	\$		\$	
	6,864.00		7,634.00	
32				\$
				13,699.00
33				\$
				674.00
34		\$	\$	\$
		10,208.00	1,175.00	67.50
35			\$	\$
			1,011.00	1,402.00
36		\$		
		20,268.00		
37	\$			
	21,821.00			
38	\$			
	1,783.00			
39				\$
				963.00
40				\$
				701.00
41				\$
				701.00
42				\$
				350.50
43				\$
				701.00
44				\$
				11,159.00

**TOTALS**

\$  
22,537.50

\$  
94,801.50